

The Legislative Fiscal Division

Presents:

Profile of...

Public Health & Human Services

State of Montana



Agency Profile

This agency profile will discuss...

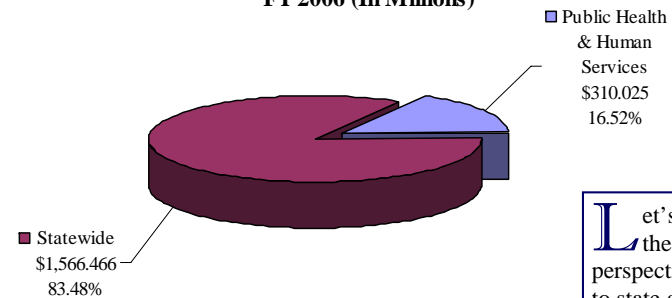
- structure and funding
- primary functions and
- historical expenditures

The profile also includes information on how decisionmakers can effect change in the agency's expenditures along with a listing of pertinent statistics. For an explanation of terms used in this profile, consult the "Background on the Agency Profiles" at:

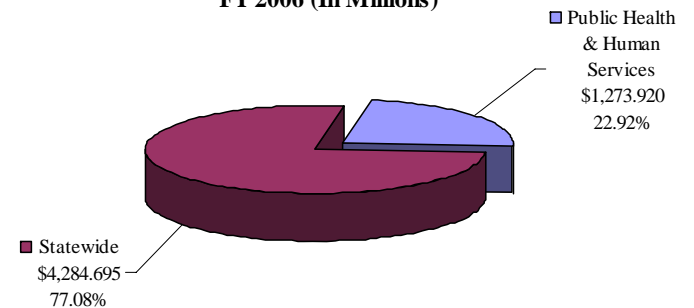
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General Fund Statewide Comparison
FY 2006 (In Millions)

Let's begin by putting the agency's size in perspective by comparing it to state government as a whole.

Total Funds Statewide Comparison
FY 2006 (In Millions)

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Section B
Public Health & Human Services

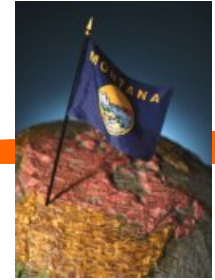


What the Agency Does

The Department of Public Health and Human Services (DPHHS) administers a wide range of programs including: Temporary Assistance for Needy Families (TANF or public assistance), Medicaid, foster care and subsidized adoption, long-term care, aging services, alcohol and drug abuse treatment programs, mental health services, vocational rehabilitation, disability services, child support enforcement services, childcare subsidy programs, energy and commodity assistance programs, various health licensing and inspection services, and public health functions (such as communicable disease control and preservation of public health through chronic disease prevention).

The department is also responsible for all state institutions except prisons. DPHHS facilities include: Montana State Hospital, Warm Springs; Montana Mental Health Nursing Care Center, Lewistown; Montana Chemical Dependency Center, Butte; Eastern Montana Veterans' Home, Glendive; Montana Veterans' Home, Columbia Falls; and Montana Developmental Center, Boulder.

Total FTE funded in HB 2 are 3,063 of which 1,265 are employed at the six state institutions operated by DPHHS, 907 are located throughout the state, and 891 are located in Helena. This number does not include persons employed by various providers and contractors.



Statewide Factors With Impact

A number of features common to many agencies will also impact expenditures over time. These factors include costs for: personal services, utilities, workers' compensation and unemployment insurance costs, building costs and maintenance, technology and maintenance, and a widely dispersed, rural population.



Statutory References

The primary state statutory references defining duties and responsibilities of DPHHS are:

2-15-2201. MCA establishes DPHHS
Title 40, Family Law
Title 41, Minors
Title 42, Adoption
Title 50, Health and Safety
Title 52, Family Services
Title 53, Social Services and Institutions

There is also a significant body of federal law, rules, and policies as well as state and federal court decisions that impact DPHHS administration of programs.

How the Legislature Can Effect Change



In order to change expenditure levels and/or DPHHS activity, the legislature must address one or more of the following basic elements that drive costs. As stated previously, DPHHS expenditures are driven by the number of persons receiving or eligible to receive services, the cost of those services, and in some cases the availability of federal grant funds to address specific issues. Thus, the legislature may impact DPHHS expenditures by addressing:

- Policies regarding who will receive services
- Policies regarding the level of services that will be provided
- Policies regarding program management of DPHHS

The legislature has little influence on:

- Some components of services costs, such as labor and employee benefit costs, energy costs, national and regional markets, and legal issues
- Mix or intensity of services needed to assist clients, which can be influenced by changes in treatment protocols and standards, emergence of new or more effective treatments, consumer needs and desires
- Federal laws, policies, rules, and regulations
- Court rulings
- Number of residents living in poverty
- Number of residents without medical insurance
- National and international economic forces that impact the state economy



How Services Are Provided



DPHHS administers programs by contracting for and through direct provision of services. Most Medicaid, childcare, and other services that directly benefit low-income individuals are delivered by contractors enrolled in provider networks with DPHHS. Other services, such as low-income energy assistance and out-of-home foster care, and development and maintenance of larger computer systems, are provided by businesses that contract with the department. A number of DPHHS programs employ staff that provides services directly to clients/consumers including: child and adult protective services; eligibility determination; child support enforcement and collection; and some case management functions. In addition, DPHHS operates six¹ state institutions that provide medical care to persons.

¹ DPHHS operated the Eastmont Human Services Center in Glendive until it was closed in December 2003.

Agency Functions, State Purposes, & Customers Served

The agency is structured to perform certain functions in support of general state government purposes. The following lists the major functions, purpose of provision of the functions, and primary customers served.

State Purposes	Major Agency Functions	Customers
<i>Reduction of the incidence and impacts of poverty and disability</i>	Medicaid programs and state funded programs	Low-income children and certain parents, pregnant women, disabled, elderly
	Food Stamps	Low-income persons
	Six state operated institutions each of which specializes in the treatment and care of a specific population	Persons with mental illness, developmentally disability, chemical dependency, and veterans
	Temporary Assistance for Needy Families (TANF)	Low-income children and families
	Childcare	Low-income working families
	Children's Health Insurance Program (CHIP)	Low-income children
<i>Public safety and/or the protection of life</i>	Energy and commodity assistance	Low-income persons
	MIAMI	High-risk pregnant women and children
	Foster care and subsidized adoption, adult protective services, child protective services	Vulnerable children and adults
<i>General government</i>	Bioterrorism preparedness; food and consumer safety; public health clinics and provision of some public health services and supplies; public health laboratories	General public
	Operations infrastructure including accounting, federal reporting, procurement and operations of several large computer systems.	Programs administered by DPHHS; accountability to tax payers and legislators

DPHHS administers services through a structure consisting of 11 divisions with the following functions:

Addictive and Mental Disorders Division – manages mental health services, including Medicaid services for adults with a serious and disabling mental illness, and chemical dependency services for persons of all ages; manages three state institutions - Montana State Hospital, Montana Mental Health Nursing Care Center, and Montana Chemical Dependency Center

Child and Family Services Division - administers child protective services, child abuse and neglect services, prevention services, domestic violence grants, and other programs designed to keep children safe and families strong

Child Support Enforcement Division – manages services to obtain financial and medical support for children by establishing, enforcing, and collecting financial support owed by obligated parents

Director's Office - overall policy development for the DPHHS, including legal affairs, personnel services, public information, policy and data analysis, development of comprehensive prevention efforts, and responding to requests for information

Disability Services Division - administers services, including Medicaid and vocational rehabilitation services, for persons with disabilities living, working, and participating in communities; manages the Montana Developmental Center

Business and Financial Services Division – provides DPHHS financial support services





- Federal fund expenditures were impacted by:
 - Inclusion of Food Stamp benefits in the general appropriations act – effective FY 2002
 - Use of TANF Block Grant (expenditure of reserves – 2003 biennium, creation of surplus via DPHHS policy decisions – 2005 biennium)
 - Increases in programs funded entirely with federal funds:
 - Food Stamp benefits
 - Bio-terrorism
 - Low-income energy assistance and weatherization
 - Commodity assistance
 - Child and adult food care program
 - Other categorical grants, especially in the public health area
- State special revenues were impacted by:
 - Passage and implementation of HB 124 that increased general fund and decreased state special revenue supporting expenditures incurred on behalf of counties effective FY 2002
 - Passage of I-149 to raise tobacco taxes, with increased revenue used to create new prescription drug assistance programs and to raise Medicaid provider rates



Health Care Resources Division – administers a wide range of preventive, primary, and acute care health services for low-income individuals, including Medicaid primary care services and children's mental health services and the Children's Health Insurance Program (CHIP)

Human and Community Services Division - administers welfare programs, childcare, energy assistance and commodity distribution services, and eligibility determination for various department programs including Medicaid, Food Stamps, TANF, and others

Technical Services Division – provides purchasing and procurement, budget and technology management functions for DPHHS including computer programming by both department employees and contractors, personal computer and telecommunication infrastructure maintenance and support, and manages Montana vital statistics including birth and death certificates

Public Health and Safety Division – administers public health programs and consumer safety programs, including public health and environmental laboratories, and tobacco cessation programs

Quality Assurance Division - administers fair hearings and third party liability, licenses health care, child-care residential services, and medical marijuana certificates, and investigates fraud abuse

Senior and Long Term Care Division – administers aging services, including Medicaid services, for senior citizens and persons with physical disabilities; manages two skilled nursing facilities for veterans - Montana Veterans' Home and Eastern Montana Veterans' Home

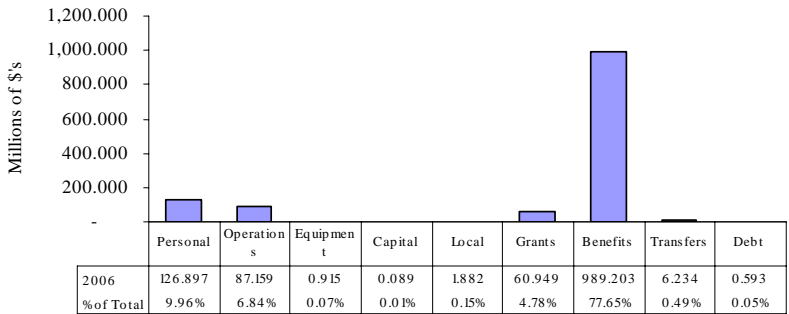


- The amount of federal revenues received in a program increased while general fund (or state special revenue) was decreased or maintained at the same level of general fund through efforts to “refinance” costs. Examples of “refinancing” initiatives approved by the legislature and implemented by DPHHS include:
 - Intergovernmental transfers
 - Billing more services for developmentally disabled individuals to Medicaid
 - Increased collection of Social Security and federal Title IV-E funds to support some foster care, child welfare and subsidized adoption services
- Citizen passed initiatives regarding tobacco taxation and use of tobacco lawsuit settlement funding expanded and supported creation of new programs for health coverage for certain low-income Montanans

In addition to the factors listed above, which impacted multiple funding sources, there were some specific changes in funding:

- General fund expenditures were impacted by:
 - Passage and implementation of HB 124 that increased general fund and decreased state special revenue supporting expenditures incurred on behalf of counties effective in FY 2002
 - Changes in the matching funds needed for the Medicaid program including:
 - Federal fiscal relief which decreased the amount of general fund needed to match Medicaid by about 3 percent for the last quarter of FY 2003 and all of FY 2004
 - Improvement in the Montana economy, which changed factors used in the formula to determine the Medicaid match rate requiring a higher state match to maintain the same level of services

Public Health & Human Services History
All Funds FY 2006



The overwhelming majority of expenditures by DPHHS provide direct benefits to individuals. The single largest program administered by DPHHS is the Medicaid program. Medicaid program services are administered by four different divisions and determination of eligibility for the Medicaid program is performed by a fifth division.



However, this explanation does not capture the variety of reasons, including some that are not quantifiable, that influence decisions about spending for human service needs and the impact of various economic and market forces. Expenditures for DPHHS are impacted by:

- Legislative funding levels and other policy decisions
- DPHHS policy decisions/actions implementing the statutory authority delegated to the agency to set eligibility criteria and the amount, scope and duration of services, including decisions to change services to meet the statutory requirement that expenditures be within appropriation levels
- Availability (or lack) of federal funding to provide services
- Market forces, particularly in medical services and energy costs, that inflate the cost of services
- Technological innovations that provide new medical services and prescription drugs

Between 1996 and 2006 the growth in DPHHS expenditures (all funds) was impacted by the following actions²:

- During the 2003 biennium a number of service reductions were implemented in order to maintain expenditures within the level of funding appropriated by the legislature
- Provider rate increases were appropriated at varying levels for a number of provider groups
- Increased funding was provided by the legislature to expand provision of services to individuals with developmental disabilities



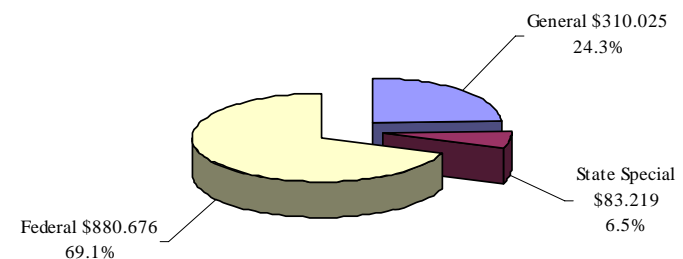
² More detailed information may be obtained by reviewing the Legislative Fiscal Report and Legislative Fiscal Division Budget Analysis Report for the biennia between 1996 and 2006.



How Services Are Funded

DPHHS services are funded from a combination of general fund, state special revenue and federal funds, with over 220 distinct funding sources. Most general fund and state special revenue are used to match or draw down federal funds. Almost 77 percent of DPHHS expenditures are for benefits purchased on behalf of individuals, while another 5 percent funds grants to local entities. The six state operated institutions comprise 4 percent of the DPHHS budget and account for 40 percent of the departments 3,063 full time equivalent employees. DPHHS employees provide services to all 56 counties.

**Public Health & Human Services Funding History
All First Level FY 2006**



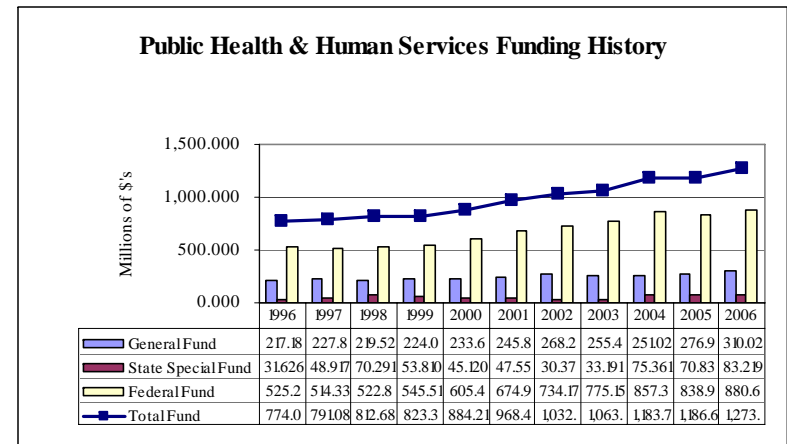


Related Data & Statistics

<i>Element</i>	<i>1996</i>		<i>2006</i>	
<i>Program</i>	<i>Total Cost/Number Eligible</i>	<i>Cost Per Eligible</i>	<i>Total Cost/Number Eligible</i>	<i>Cost Per</i>
Medicaid Services				
Total cost of services	\$379,466,497	\$4,824	\$728,729,492	\$8,715
Number eligible	78,659		83,617	
Total cost for children	\$54,191,826	\$1,512	\$96,051,890	\$1,562
Number eligible	35,848		61,482	
Total cost aged	\$111,035,364	\$7,770	\$158,365,574	\$14,342
Number eligible	14,290		11,042	
Total cost for disabled	\$132,826,897	\$10,374	\$214,696,014	\$10,214
Number eligible	12,804		20,964	
TANF—Cash assistance	\$46,531,672	\$4,211	\$17,842,362	\$4,536
Average monthly cases			3,938	
Food Stamps	\$58,363,106	\$2,043	\$90,405,913	\$2,572
Number of households	28,565		35,137	
Child care subsidy	\$6,302,645	\$1,787	\$18,258,435	\$1,735
No. of children	3,527		10,522	
Low Income Energy	\$4,020,629	\$217	\$12,685,012	\$589
Asst. Number of cases	18,558		21,554	
Subsidized Adoption	\$1,401,882	\$3,122	\$8,635,787	\$4,603
No. of Subsidies	449		1,876	
Foster Care	\$11,832,804	\$3,354	\$19,611,218	\$4,521
No. clients* from different computer systems	3,528		4,338	
CHIP Recipients	Not applicable	Not applicable	\$19,549,018 12,019	\$1,627
Vocational Rehab.	\$7,930,593*	\$989	\$10,043,775	\$983
Number of "Back to Work" *from 2001	8,017		10,218	
Developmental Disability	\$40,751,814		\$98,485,318 5,319	\$18,516
Child Support Enforcement	\$38,839,610		\$59,214,498 40,048 cases	
-- Annual Collections*1997				



Expenditure History



Reasons for Expenditure Growth/Change

Expenditures for DPHHS are dependent on the number of persons receiving or eligible to receive services, the cost of those services, and in some cases the availability of federal grant funds to address specific issues.

